

SIXTY-THIRD REPORT
PUBLIC ACCOUNTS COMMITTEE
(1981-82)

(SEVENTH LOK SABHA)

[PRE-PARTITION LOSSES AND IRREGULARITIES]



सत्यमेव जयते

Presented in Lok Sabha on
Laid in Rajya Sabha on

LOK SABHA SECRETARIAT
NEW DELHI

October, 1981/Asvina, 1903 (Saka)

Price : Rs. 1.00

CORRIGENDA TO SIXTY-THIRD REPORT OF THE PUBLIC
 ACCOUNTS COMMITTEE (SEVENTH LOK SABHA)

..

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(v)	3	5	form,	form
1	1	2	reportel	reported
1	2	2	communica- tion	communica- ted
10	-	last line	Dated	dated

CONTENTS

PAGE

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1981-82) (iii)

INTRODUCTION (v)

(PART I)

REPORT 1

(PART II)

Minutes of the sitting of the Public Accounts Committee (1981-82)
held on 4 September, 1981 & 1st October, 1981. 5

APPENDICES

I Copy of communication dated 18 August 1981 from the Ministry
of Finance (Defence) 9

II Conclusions and Recommendations 12

PUBLIC ACCOUNTS COMMITTEE
(1981-82)

CHAIRMAN

,Shri Satish Agarwal

MEMBERS

Lok Sabha

2. Shri Subhash Chandra Bose Alluri
3. Shri Tridib Chaudhuri
4. Shri K. P. Singh Deo
5. Shri George Fernandes
6. Shri Mahavir Prasad
7. Shri Ashok Gehlot
8. Shri Sunil Maitra
9. Shri Gargi Shankar Mishra
10. Shri M. V. Chandrashekara Murthy
11. Shri Ahmed Mohammed Patel
12. Shri Hari Krishna Shastri
13. Shri Satish Prasad Singh
14. Shri Jagdish Tytler
15. Shri K. P. Unnikrishnan

Rajya Sabha

16. Smt. Purabi Mukhopadhyay
17. Shri N. K. P. Salve
18. Shri Tirath Ram Amla
19. Smt. Maimoona Sultan
20. Shri Patitpaban Pradhan
21. Prof. Rasheeduddin Khan
22. Shri Indradeep Sinha

SECRETARIAT

1. Shri H. G. Paranjpe, *Joint Secretary.*
2. Shri D. C. Pande, *Chief Financial Committee Officer.*
3. Shri K. C. Rastogi, *Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty-Third Report on Pre-partition losses and irregularities.

2. While losses and other irregularities relating to the pre-partition period reported to the Government for regularisation are not included in the printed Appropriation Accounts of Defence Services for the post-partition period, complete statements of such losses actually dealt with finally during a year were hitherto brought to the notice of the Committee as and when these arose. In August, 1981, the Ministry of Finance (Defence) made a suggestion for discontinuance of the reporting of such pre-partition losses. The Committee considered the above suggestion at their sitting held on 4 September, 1981 and finalised the Report at their sitting held on 1 October, 1981. The Minutes of the sittings form Part II of the Report.

3. For facility of reference, the conclusions and/or recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions and/or recommendations have also been reproduced in a consolidated form, in Appendix II to the Report.

4. The Committee would like to place on record their appreciation of the assistance rendered to them in this regard by the office of the Comptroller and Auditor General of India.

SATISH AGARWAL

Chairman

Public Accounts Committee

October 3, 1981.

Asvina 11, 1903 (S).

PART I

REPORT

Losses and other irregularities relating to the pre-partition period reported to the Government of India for regularisation are not included in the printed Appropriation Accounts of Defence Services for the post-partition period. Instead, complete statements of such losses and irregularities, finally dealt with during a year, duly scrutinised by Audit, were being submitted to the Public Accounts Committee separately every year with the object of keeping the Committee informed of the action taken by Government in respect of the outstanding pre-partition transactions. This practice continued till 1974-75.

2. On 28 November 1975, the Ministry of Finance (Defence) had *inter-alia* communication that the total value of losses and other irregularities relating to the pre-partition period and finalised during the previous five or six years had gone down considerably and that the reports in this regard for the years 1972-73 and 1973-74 had not disclosed any losses or irregularities.

3. The Ministry also pointed out in this connection that the statements in respect of losses and irregularities which occurred more than a generation back could hardly serve any useful purpose and that the work involved in their preparation and scrutiny may not be commensurate with any results likely to be achieved. It was, therefore, suggested by the Ministry in consultation with the Comptroller and Auditor General of India, that it would perhaps be adequate if specific cases of losses or irregularities pertaining to the pre-partition period actually dealt with finally during the year, were brought to the notice of the Public Accounts Committee as and when they arose and that the practice of preparation of detailed statements when these were mere 'Nil' statements was discontinued.

The suggestion was considered by the Public Accounts Committee (1975-76). In their 217th Report, the Committee observed:

“.....They agree to the adoption of the revised procedure now suggested from the Accounts for the year 1974-75 namely, that it would be adequate if specific cases of such losses or irregularities actually dealt with finally during a year are brought to their notice as and when they arise, and that the present practice of preparation and submission of detailed statements even when these are only 'Nil' statements is discontinued.”

4. In their action taken note dated 20 July, 1976 the Ministry of Finance (Defence) stated:

“The conclusion|recommendation of the Public Accounts Committee contained in para 3.4 of their 217th Report (5th Lok Sabha) has been noted for compliance. The Public Accounts Committee have, however, recommended that the revised procedure may be followed from the accounts for 1974-75, as was proposed by this Division. It may be mentioned in this connection that subsequent to the submission of note dated 28 November, 1975 in this regard to the Public Accounts Committee, the usual statement of losses|irregularities, etc. relating to the pre-partition period for the year 1974-75 has already been submitted to the Public Accounts Committee under this Division's O.M. No. 201(34)|75-B.III|648-B dated 16 February, 1976.

In respect of 1975-76 a statement of losses would be submitted to the PAC only if there are any items to report. Similarly, such items will, in future be reported to PAC, as and when they come to notice.”

5. The following statement prepared on the basis of information furnished by the Ministry of Finance (Defence) indicates the amount

of losses etc. relating to the pre-partition period for each of the previous 17 years:

Statement showing the amount of losses etc. relating to pre-partition period

	(Rs. in thousands)
1963-64	1,167
1964-65	2,457
1965-66	591
1966-67	696
1967-68	643
1968-69	19
1969-70	98
1970-71	4
1971-72	13
1972-73	—
1973-74	—
1974-75	2
1975-76	14
1976-77	5
1977-78	—
1978-79	24
1979-80	46

6. In their communication dated 18 August, 1981 the Ministry of Finance (Defence) have submitted a proposal (reproduced as Appendix I) for discontinuance of the reporting of pre-partition losses finally dealt with during a year for consideration of the Public Accounts Committee. According to the Ministry, the utility of rendering the report has been lost with the passage of time particularly because neither disciplinary action nor action to recover the loss is possible for various factors like repatriation, release of concerned personnel, time lag and want of any material evidence or records. The number of cases and amount involved has also dwindled to such an extent that the work involved in their preparation, scrutiny and submission to Public Accounts Committee is not considered commensurate with any results likely to be achieved. They have sought Committee's decision in the matter.

7. A sitting of the Public Accounts Committee was held on 4 September, 1981, when the above mentioned proposal of the Ministry of Finance (Defence) was considered (c.f. Minutes enclosed as Part II of the Report).

8. The Committee have considered the suggestion made by the Ministry of Finance (Defence) for discontinuance of the practice of reporting of pre-partition losses finally dealt with during a year. They note the contention of the Ministry that the practice of reporting to the Committee specific cases of pre-partition losses as and when dealt with finally in a particular year has lost its utility because neither disciplinary action nor action to recover such losses is possible due to factors like repatriation, release of concerned personnel, time lag and want of any material evidence or records. The Committee have also taken note of the Ministry's plea that "the number of cases and amount involved has also dwindled to such an extent that the work involved in their preparation, scrutiny and submission to PAC is not considered to be commensurate with any results likely to be achieved."

9. In view of the position explained by the Ministry of Finance (Defence), the Committee agree with the suggestion for discontinuance of the practice of reporting to the Committee the pre-partition losses, irregularities etc., finally dealt with during a year. The accounts of losses and other irregularities relating to the pre-partition period should, however, continue to be rendered to the Defence Audit as usual. Action wherever called for, should also be taken to write off irrecoverable losses with the approval of the competent authority.

NEW DELHI;

October 3, 1981.

Asvina 11, 1903 (S).

SATISH AGARWAL

Chairman

Public Accounts Committee

P A R T I I

Minutes of the Sitings of the Public Accounts Committee (1981-82)
held on:

4 September, 1981.

1 October, 1981.

MINUTES OF THE 8TH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE, 1981-82 HELD ON 4 SEPTEMBER, 1981

The Committee sat from 15.00 hrs. to 17.25 hrs.

PRESENT

1. Shri Satish Agarwal—*Chairman*

MEMBERS

2. Shri Tridib Chaudhuri
3. Shri Mahavir Prasad
4. Shri Gargi Shankar Mishra
5. Shri Hari Krishna Shastri
6. Shri Satish Prasad Singh
7. Shri Jagdish Tytler
8. Shri K. P. Unnikrishnan
9. Smt. Purabi Mukhopadhyay
10. Shri N. K. P. Salve
11. Shri Patitpaban Pradhan
12. Prof. Rasheeduddin Khan
13. Shri Indradeep Sinha

REPRESENTATIVES OF AUDIT

1. Shri Gian Prakash, *Comptroller & Auditor General of India.*
2. Shri A. R. Shirali, *ADARI, Railways.*
3. Shri G. B. Singh, *ADAI (Reports)*
4. Shri G. N. Pathak, *Director of Audit (Defence Services).*
5. Shri K. H. Chhaya, *Joint Director, Railways.*
6. Shri R. S. Gupta, *Joint Director (Defence Services).*
7. Shri M. L. Malhotra, *Jt. Director (Reports).*

SECRETARIAT

1. Shri H. G. Paranjpe, *Joint Secretary.*
2. Shri D. C. Pande, *Chief Financial Committee Officer.*
3. Shri K. C. Rastogi, *Senior Financial Committee Officer.*
4. Shri K. K. Sharma, *Senior Financial Committee Officer.*

The Committee then took up for consideration the Memorandum regarding Statements of pre-partition period losses and irregularities as circulated to the Members on 29 August, 1981. The Committee noted the contention of the Ministry of Finance (Defence) that the practice of reporting to them specific cases of pre-partition losses as and when dealt with finally in a particular year had lost its utility because neither disciplinary action nor action to recover such losses was possible due to factors like repatriation, release of concerned personnel, time lag and want of any material evidence or records. The Committee also took note of the Ministry's plea that "the number of cases and amount involved had also dwindled to such an extent that the work involved in their preparation, scrutiny and submission to PAC is not considered to be commensurate with any results likely to be achieved."

In view of the above, the Committee concurred with the Ministry's suggestion for discontinuance of the practice of submission of statements of prepartition losses, irregularities to them in future.

The Committee then adjourned.

MINUTES OF THE 16TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 1 OCTOBER, 1981

The Public Accounts Committee (1981-82) sat on 1 October, 1981 from 1100 to 1225 hours.

The following were present:

PRESENT

1. Shri Satish Agarwal—*Chairman*

MEMBERS

2. Shri Tridib Chaudhuri
3. Shri Ashok Gehlot

4. Shri M. V. Chandrashekara Murthy
5. Shri Ashmed Mohammed Patel
6. Shri Hari Krishna Shastri
7. Shri Satish Prasad Singh
8. Smt. Purabi Mukhopadhyay
9. Smt. Maimoona Sultan
10. Shri Indradeep Sinha

REPRESENTATIVES OF AUDIT

- Shri K. C. Das—*A.D.A.I. (R)*
 Shri G. N. Pathak—*Director of Audit, Defence Services*
 Shri M. L. Malhotra—*Joint Director (Reports)*
 Shri R. S. Gupta—*Joint Director Defence Services.*

SECRETARIAT

- Shri D. C. Pande—*Chief Financial Committee Officer*
 Shri K. C. Rastogi—*Senior Financial Committee Officer*
 Shri K. K. Sharma—*Senior Financial Committee Officer*

The Committee took up for consideration the following draft Reports and adopted the same with certain minor amendments arising out of factual verification of the same by Audit or otherwise:—

- (i) Draft 63rd Report on Pre-partition losses and irregularities.

* * * * *

The Committee then adjourned.

APPENDIX I

NOTE FROM THE MINISTRY OF FINANCE (DEFENCE)

SUBJECT.—*Appropriation Accounts, Defence Services—Statements of losses/irregularities relating to pre-partition period, finally dealt with by the Government of India.*

Losses and other irregularities relating to the pre-partition period reported to Government of India for regularisation are not being included in the printed Appropriation Accounts of Defence Services for post-partition period. Instead, complete statements of such losses, etc. dealt with during a year, duly scrutinized by the Director of Audit, Defence Services, were submitted in narrative form to the PAC every year upto the year 1974-75, with a view to keeping them informed of the action taken by the Government in respect of outstanding pre-partition transactions. Even when there was no case in a particular year to report, 'nil' report was being submitted to the PAC.

2. Consequent upon the recommendations of the PAC made *vide* Serial No. 3 (Para 3.4) of Appendix VI to their 217th Report (Fifth Lok Sabha), a revised procedure was adopted according to which only specific cases of pre-partition losses whenever dealt with in a particular year were being reported to the PAC starting from 1975-76 in a tabular statement form without any narration of the cases.

3. The need for this procedure has been reviewed. It has been found that the utility of rendering the report has been lost with the passage of time particularly, because neither the disciplinary action nor action to recover the loss is possible for various factors like re-patriation, release of concerned personnel, time lag and want of any material evidence or records. The number of cases and amount involved has also dwindled to such an extent that the work involved in their preparation, scrutiny and submission to PAC is not considered to be commensurate with any results likely to be achieved. This fact is clearly evident from the Annexure en-

closed showing the statement of cases reported during the last decade.

4. The matter was taken up with Comptroller & Auditor General of India through the Director of Audit, Defence Services for dis-continuation of the submission of statement of pre-partition losses, who have agreed to the proposal. The approval of the PAC is solicited to the dis-continuation of the reporting of such cases in future.

5. D.A.D.S. has seen.

Sd/-

B. S. RAMASWAMY,
Addl. Financial Adviser, Defence Services.

Lok Sabha Sectt. (P.A.C. Branch) U.O. No. 209(1) | 81 | 2708-B.II
Dated 18-8-1981.

ANNEXURE

Statement showing the year-wise details of losses etc., relating to pre-partition period reported to PAC during the last one decade

Year	Amount (Rs. in thousands)
1970-71	4
1971-72	13
1972-73	—
1973-74	—
1974-75]	2
1975-76	14
1976-77	5
1977-78	—
1978-79	24
1979-80	46
TOTAL	108

APPENDIX II

Conclusions and/or Recommendations

Sl. No.	Para No.	Ministry/Department Concerned	Conclusions/Recommendation
1	2	3	4

1 8 Finance (Defence)

The Committee have considered the suggestion made by the Ministry of Finance (Defence) for discontinuance of the practice of reporting of pre-partition losses finally dealt with during a year. They note the contention of the Ministry that the practice of reporting to the Committee specific cases of pre-partition losses as and when dealt with finally in a particular year has lost its utility because neither disciplinary action nor action to recover such losses is possible due to factors like repatriation, release of concerned personnel, time lag and want of any material evidence or records. The Committee have also taken note of the Ministry's plea that "the number of cases and amount involved has also dwindled to such an extent that the work involved in their preparation, scrutiny and submission to PAC is not considered to be commensurate with any results likely to be achieved."

In view of the position explained by the Ministry of Finance (Defence), the Committee agree with the suggestion for discontinuance of the practice of reporting to the Committee the pre-partition losses/irregularities etc., finally dealt with during a year. The accounts of losses and other irregularities relating to the pre-partition period should, however, continue to be rendered to the Defence Audit as usual. Action wherever called for, should also be taken to write off irrecoverable losses with the approval of the competent authority.

P. A. C. No. 816

© 1981 BY LOK SABHA SECRETARIAT

**Published under Rule 382 of the Rules of Procedure and Conduct of
Business in Lok Sabha (Sixth Edition) and Printed by the
General Manager, Government of India Press,
Minto Road, New Delhi-110002.**